

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

SPONSOR Begaye DATE TYPED 03/03/05 HB 551

SHORT TITLE Lottery Scholarships for Tribal Colleges SB \_\_\_\_\_

ANALYST Williams

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			\$89.4 - \$837.0 *See Text	Recurring; escalates over time	Lottery Tuition Scholarship Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to numerous student financial aid and lottery tuition scholarship bills

#### SOURCES OF INFORMATION

LFC Files  
New Mexico Lottery Authority  
Commission on Higher Education (CHE)

#### SUMMARY

##### Synopsis of Bill

House Bill 551 expands eligibility for lottery tuition scholarships to include students attending regionally accredited tribal colleges located in New Mexico.

##### Significant Issues

The bill is consistent with the recommendations of the Governor's Task Force on Higher Education.

Currently, all qualified students enrolled in a two- or four-year public post-secondary institution may receive a Lottery Success Scholarship. Other public and private non-profit institutions such as the College of Santa Fe, St. John's College, and College of the Southwest and tribal colleges are not eligible to receive lottery funds.

High school students graduating from a school in New Mexico operated by the Bureau of Indian Affairs and out-of-state members of the Navajo tribe, who reside on the Navajo reservation, as certified by the Navajo Department of Higher Education, are eligible for lottery tuition scholarships if they attend a public post-secondary institution.

Two- and four-year post secondary institutions created by an Indian nation, tribe or pueblo or federal government which may be eligible to participate include the following: Dine College, Institute of American Indian Arts (IAIA), Southwest Indian Polytechnic Institute (SWIPI) and Crownpoint Institute of Technology (CIT). Currently, CIT is not accredited; therefore, it does not receive state funding. According to the Higher Learning Commission (HLC), the HLC board validated the initial candidacy of CIT in the accreditation process in October 2003.

According to information from the Office of Indian Affairs, enrollments at tribal colleges are rising because Native Americans are choosing to attend institutions which are tailored to their educational choices, rising tuition costs at non-tribal schools and also to be closer to their homes.

### FISCAL IMPLICATIONS

Tribal institutions are not currently required to provide student data to CHE. Various scenarios were analyzed over the last few years and are summarized below. The costs below are for one full year, and would escalate as additional cohorts are added.

In its 2005 analysis, CHE estimates the cost at \$20.3 thousand in the first year, with a cost in four years of \$69.3 thousand.

Based on data provided to CHE in 2003 by Dine, IAIA, SWIPI and CIT regarding potential eligibility and annual tuition, the following awards were estimated:

Dine College	\$40.8
IAIA	\$45.6
SIPI	No tuition *
CIT	\$3.0 **
Total	\$89.4

However, at a 2003 legislative hearing, tribal college representatives testified the bill would have a potential fiscal impact of approximately \$350.0 thousand. An analysis of similar legislation from the 2002 session (HB 252) reflected potential fiscal impact of \$837.0 thousand based on a CHE analysis of financial aid data, including student enrollment and annual tuition.

*Notes:*

*\* SWIPI does not charge tuition. Books and room and board are also provided free of charge to members of federally recognized Indian tribes.*

*\*\* Upon receipt of accreditation status from the North Central Association Higher Learning Commission, the fiscal cost to include CIT could range from \$3.0 to \$648.0 thousand. The potential timing of a decision regarding the institution's candidacy is currently not certain.*

## **ADMINISTRATIVE IMPLICATIONS**

CHE indicates tribal institution financial aid officers would be required to certify high school graduation dates/location and train in lottery draw down procedures.

Further, data reporting by tribal institutions would be needed.

## **TECHNICAL ISSUES**

The legislature may want to consider specifying the tribal colleges which would be eligible for student participation in the lottery success scholarship program; clarify the number of semesters of eligibility for a lottery tuition scholarship, including attendance at both a two-year and a four-year institution.

## **OTHER SUBSTANTIVE ISSUES**

The bill may be in conflict with Article 12, Section 3 of the New Mexico Constitution which specifies “The schools, colleges, universities and other educational institutions provided for by this constitution shall forever remain under the exclusive control of the state, and no part of the proceeds arising from the sale or disposal of any lands granted to the state by congress, or any other funds appropriated, levied or collected for educational purposes, shall be used for the support of any sectarian, denominational or private school, college or university.” Further, there may be considerations of the anti-donation clause in Article 9, Section 14 of the New Mexico Constitution.

The tribal institutions would be required to provide student data, which is not currently reported to CHE.

In prior years, CHE reported that in academic year 2001-2002, Native American students in New Mexico received approximately \$4.8 million in tribal aid not available to non-Native American students. Native American students are also eligible to receive State Student Incentive Grants (SSIG), State and Federal work-study grants, Pell and other federal grants.

The legislature may wish to address the potential for cooperative agreements to set tuition scholarship awards at amounts equal to the percentage awarded at state four-year or two-year educational institutions, limited to the highest tuition rate charged by either a four-year research, four-year regional or two-year institution, as appropriate. Such language would effectively cap lottery tuition fund claims in the event of tuition escalation at the tribal institutions.

## **POSSIBLE QUESTIONS**

1. Is the bill in conflict with Article 12, Section 3 of the New Mexico Constitution regarding state control of institutions or with Article IX, Section 14, the anti-donation clause?
2. If Crownpoint Institute of Technology is successful in its application for accreditation, when would the evaluation process conclude and the designation occur?